

STRUCTURAL VERSUS HUMAN RESOURCES MODELS
FOR RURAL DEVELOPMENT: THE CASE OF UNEMPLOYMENT

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INTRODUCTION

Change agents engaged in economic development programs have been concerned for many years with the problem of selecting appropriate strategies for implementing planned change efforts to improve the life-chances of target populations (Cary, 1970; Biddle and Biddle, 1965; Beal, et al, 1971; Blakely, 1979; Iowa State Center for Agricultural and Economic Development, 1966). Many approaches have been conceived and tried. Some have been successful and have been widely adopted while others have been short-lived since they failed to accomplish specified objectives. One of the most prominent development strategies which has been used to attack individual and community based economic problems is the human resources development model. The model has been in existence for many years and is held in very high esteem by federal, state, and local action agencies. The number of change programs which emphasize some type of educational experience as the primary focus of the change efforts is moot evidence of the popularity the model enjoys.

The human resources development model had its beginning during the late 1800's when industrial expansion was proceeding at a very rapid pace with concomitant elaboration of other sectors of the economy and society. The industrial growth and expansion of the economy created many new roles which necessitated more advanced and specialized skills than those in existence. To satisfy the demand for large numbers of highly trained people, universal education came into being to train people for useful work roles in society. As more complex technology was added to production systems and as the service sector of the economy expanded, the skill levels demanded by the new roles continued to increase but the educational system rose to the task and continued

to provide large numbers of well educated people. As the skill requirements changed due to the introduction of new technologies so did the content of the educational experiences. Education extended beyond formal class-room experiences since workers with outmoded skills frequently reentered the educational system in adult education programs to update their knowledge bases.

The symbiotic relationship between the emerging industrial based economic system and the educational institution proved to be quite beneficial to the society, assuming that one defines socio-economic growth and expansion as being beneficial. The early successes of the human resources development model in providing disenfranchised people with opportunities for status mobility was observed by many members of the society. Subsequently, education was perceived to be the best available method for solving economic problems encountered by poor people and to increase the probability that social mobility would occur. Many people quickly internalized a belief that all the society had to do to solve individual and community based economic problems was to educate individuals suffering such social maladies. It was argued that the reeducated people would find useful work roles which in turn would solve their economic problems. Over time, this type of orientation has permeated the American belief system to the point that the human resources development model has been embraced throughout the society. When individual or collective economic development problems are encountered, attempts to solve such problems usually involve some type of human resources model.

Unfortunately, little thought is given on the local level to the appropriateness of the model and the long-range consequences of pursuing such a development strategy. It is basically assumed that since the model

has produced positive results in the past on the regional and national level,² it will also work for small towns and rural communities. Such an assumption is questionable since variations in the socio-economic situations of rural social structures could easily negate the effectiveness of the model.

The purpose of this paper is to examine the appropriateness of the human resources development model as an economic development strategy for rural areas. To accomplish this objective the theoretical underpinnings of the model are discussed and the assumptions associated with the model are examined. Brief mention is also made of the potential consequences associated with using the model in rural areas.

THE HUMAN RESOURCES DEVELOPMENT MODEL

The human resources development model is a conceptually simplistic perspective of viewing human beings as contributors to the production system and consumers of the output. Schultz (1962) vividly captured the essence of the theory when he observed that individuals can elect to forego immediate rewards by investing in themselves. It is argued that the investments will be rewarded in the future by increased participation in the production system and better consumption patterns. People who have invested in themselves, in essence, would be expected to earn higher wages and to be unemployed less frequently. They would also be expected to make better use of their income due to increased consuming ability (Schultz, 1962; Becker, 1962; Jakubauskas and Baumel, 1967; McCollum, 1967; Colmen, 1967; Mincer, 1962; Bloch and Smith, 1977; Niland, 1972; Stromsdorfer, 1968; King, 1978; Patten and Clark, 1968; Cohen, 1969). Some proponents of the model have also suggested that individuals who have invested in human resources development will contribute many important things to other institutions such as religious and political systems as a result of their training.

Investments in human resources development may take many forms but nearly always include both economic and noneconomic factors in one form or another. Some frequently mentioned investments are: foregone leisure time, foregone wages during the time when the person is being educated, economic resources to pay for the education, postponement of children so the primary income earner can secure more education, and other sacrifices the person must make to receive the educational experiences. While some of these costs, such as the economic resources to purchase educational experiences, can be borne by the society via direct grants, many of the other costs must be internalized by the individual. The ability to bear these costs will vary from person to person which will affect the relevance of the model to people from different social circumstances.

While formal education and job training have been defined as the primary human resources development variables, many other factors have been used as indicators of human resources investments. Some of the most commonly used human resources variables are: health status, access to labor market information, reading and writing skills, reasoning ability, knowledge bases, job skills, family situations, and numerous other personal and family related factors (Becker, 1962; Levitan, et al, 1972; Jakubauskas and Baumel, 1967; Parnes and Kohen, 1975; Weisbrod, 1962; Niland, 1972; Patten and Clark, 1968). Each of these factors will affect production and consuming abilities in some form or another. Many socio-demographic factors have also been used by these researchers as indicators of human resources development, since it is recognized that the demographic factors affect accessibility to educational experiences and will be related to the noneducational human resources noted above. For example, primary income earners with very large families will find it more difficult to defer immediate gratification to invest in educational

experiences because they have greater family obligations than persons with fewer or no dependents. Another example is age. People's health status is influenced by age which in turn will affect life-chances. In summary, the existing theoretical and empirical literature in the field demonstrate that investments made in human resources will result in some degree of improvement in commonly used indicators of socio-economic viability such as number of hours worked, total family income, wages, total life earnings, employment status, and other economic variables.

Even though there is general consensus that the human resources model has merit as an economic development strategy, there are critics of the approach who have challenged selected components of the model (Blaug, 1976; Harrington, 1967; Gunderson, 1973; Grubb and Lazerson, 1975; Napier, et al, 1979). Even these writers, however, recognize that under certain specified conditions the model will work quite well.

BARRIERS TO EFFECTIVE USE OF THE MODEL IN ECONOMIC DEVELOPMENT

Insight into the major barriers associated with using a human resources development strategy can be gained by exploring the basic assumptions of the model. The model is based primarily upon the assumption that deficiencies in the person are the reasons why he/she is unemployed and that when the inadequacies are corrected the person will again become employed. The validity of this assumption will partially determine the effectiveness of the model as a means of reducing unemployment. If the person can be absorbed into the economic structure by securing specialized education, then investment in such training should prove useful in solving the unemployment problem. Outmoded knowledge bases and skills would be updated by training, and the persons's skills would be made more relevant. Subsequently the skills should be in demand once again.

A second important component of the model is that people must invest in human resource development by foregoing immediate rewards. This assumes unemployed people have the capability of being able to postpone immediate gratification of needs so that they will receive more rewards in the future. In many rural areas (I submit this is true of urban as well) the probability is quite low that unemployed people will be able to invest many of their own resources in human resources development since resources such as income must be used to maintain family needs at a subsistence level. If people cannot postpone gratification of needs, then the model cannot be effective. Another factor that affects the degree of usefulness of the model within rural areas is the lack of facilities to develop human potentialities. The model assumes that the means exists for people to be retrained. When the means are not available, the model cannot be effective.

Even though these are serious obstacles for effective use of the human resources model as an economic development strategy in rural areas, I personally believe they are relative minor barriers compared with structural blockages which will be discussed later. Most people can be resocialized (reeducated), the state can invest resources in human development thus providing people with needed economic resources to survive while they are being educated, and educational faculties and facilities can be built to conduct the training programs. Wide support for these types of programs exist since public investment in human development has been defined as socially acceptable and quite consistent with our value structure as a society (actually vocational education and extension programs in rural areas are human resource development programs and have been practiced for many years).

I am suggesting that the obstacles already mentioned can be overcome but the question is will this type of approach resolve economic problems

in rural areas and improve the socio-economic situation for rural people. The response to the question depends upon the definition of what constitutes economic development within rural areas.

The remaining portions of this paper are devoted to a critical assessment of the relevance of the human resources development model as a strategy for rural economic development. A nominal definition of "rural economic development" is offered and general goals for rural development are established. The human resources model is discussed in the context of the definition and goals. An alternative strategy for development is offered for consideration.

RURAL DEVELOPMENT AND THE HUMAN RESOURCES MODEL

Rural economic development is nominally defined as planned change efforts initiated in small towns and open county areas to enhance the socio-economic life-chances of local people. In the context of unemployment, rural economic development would be defined as planned change efforts designed to reduce unemployment while simultaneously increasing the socio-economic life-chances of local residents. "Planned change" as a concept connotes a situation in which purposive action is taken to accomplish specific objectives while "life-chances" encompasses such things as opportunities for good educational experiences, basic public services, a good job, adequate health care, satisfaction of basic physiological needs, and other amenities which people in a high scale society (Wilson and Wilson, 1945) expect to be made available to them.

Assuming that rural economic development is defined in this manner, then change efforts designed to improve economic conditions must be assessed using the life-chances indicators noted above. If the life-chance factors are improved as a result of planned change efforts, then economic development would be defined as being achieved. If there was little or no change, then the change efforts would have to be classified as unsuccessful. Groups

intending to use a human resources development model should raise the question under what conditions will the model be most effective and when is it an inappropriate strategy for accomplishing economic development.

One means of dealing with the question is to examine basic assumptions of the human resources model. An implicit assumption of the model is that useful roles exist for people to play when the education has been completed. It would be futile to engage in training programs for roles that do not exist but unfortunately many rural people invest in human resources to discover that they do not have any opportunity for a job in the local area after training. Often the only way people can benefit from the investments made in human resources development is to migrate where a need exists for the newly acquired skills. Evaluated in terms of the definition of economic development and the criteria set forth in this paper, rural economic development has failed when migration is forced upon people due to lack of job opportunities. This is true even if individuals who have improved their skills benefit greatly by migrating to another area. In fact, the outmigration of the best trained people could actually be perceived to be counter productive to the economic development of the contributing area.

If the best trained people are forced to leave their communities of residence to find relevant work roles elsewhere, then the human resources which have been "developed" in the rural community will not benefit the depressed communities in which the people resided before the training experiences. The receiving communities will be the principal beneficiaries of the investments made in human resources. If the outmigration process is accelerated by massive investment in human resources by public and private sources, then the long range social consequences may be disastrous for rural areas. If the process continues for any length of time, rural areas which do not have employment opportunities will continue to be depopulated

of the best trained people who possess the human resources needed to build and maintain viable communities (i.e., young, healthy, and so forth). If the employment situation is not changed in rural areas, then the outmigration stream will not be abated and human resource transfers will continue.

Not only will the contributing rural areas suffer from population decline but the quality of public and private services will also be adversely affected (Whiting, 1974). As people leave the rural community to find work, public services will tend to be reduced and private businesses will quickly close. The demise of the rural community as a viable social entity is almost certain under such conditions and continued decline in economic viability is almost assured under such conditions even though local unemployment rates may be reduced slightly. The reduction in unemployment can result from unemployed people leaving the area to find work once they have been trained or by outmigration of employed people who have gained new skills and are seeking better work roles by migrating to areas with better job opportunities. Unemployed people can fill the vacated positions left by the outmigrants.

It is ironic that the human resources model will frequently produce many benefits for newly trained migrants on an individual basis but not the community suffering from economic decline. Even those who have invested in human resources development will not benefit much from the investments if they elect to remain in the local community unless the economic infrastructure is able to absorb them. Thus, it would appear that the type of economic infrastructure which exists within a community or region is the critical factor in determining whether or not the human resources model will work effectively to improve life-chances of local people and to reduce unemployment.

A TEST OF THE MODEL

While the criticisms of the human resources model appeared to be well founded, an empirical test was needed to verify what theoretically appeared to be rather obvious. Data were collected in an economically depressed rural area of the State of Ohio using unemployment as the dependent variable and selected human resources variables as predictive factors. The study clearly showed that the predictor variables were relatively insignificant in explaining unemployment status (Napier, et al, 1979). The findings revealed that unemployment within the study region could not be explained using human resources development factors as they were operationalized in the research. It was concluded from the study that efforts to improve the human resources factors without addressing the economic infrastructure issue as suggested in this paper would probably result in wasted efforts (Napier, et al, 1979). Migration is a possible method of deriving some benefit from the investments made in human resources within the study region but rural development as it is defined in this paper would not be achieved using a human resources strategy. In fact, the study findings combined with historical data of the study area suggest that such an approach would be counter productive.

POLICY IMPLICATIONS OF THE OHIO FINDINGS

Policy implications and suggestions must be prefaced with a caution that similar research should be conducted in other regions of the country to determine the generalizability of the Ohio findings. If the findings discovered in the Ohio study are reproduced in other rural areas of the country, then serious consideration should be given to modifying existing rural development policies which continue to place primary emphasis upon human resource development strategies. More emphasis should be given to economic infrastructure development.

Since several development strategies can be applied simultaneously within a development region, the appropriate time ordering of development strategies must also be considered (Napier, et al, 1979). It is the author's contention that the first development priority in rural areas should be the elaboration of economic infrastructure so that jobs will be available on the local level. Once the economic infrastructure begins to expand then training programs should be instituted to train people for the existing jobs. Research evidence to date suggests that the focus in the development of the economic infrastructure should be upon labor intensive industries of intermediate or small size because these types of industries have been shown to produce the greatest impact upon employment in local areas (Birch, 1979). Such industries would also have fewer adverse social effects than large industrial organizations (Summers, et al, 1976).

SUMMARY REMARKS

It must be observed that the perspective offered in this paper is couched in a rural development ethic and is not regional or national in scope. Rural economic development is rather narrowly defined and is formulated to place emphasis upon the goal of increased socio-economic viability of rural areas. The major conclusion to be drawn from the material presented in this paper is that the human resources development model alone will probably not result in increased life-chances for people living in rural areas where there are very few job opportunities. It is argued that investment in human resources development without infrastructure development will probably result in continued outmigration of the best human resources and contribute to further decline of the area. It is strongly recommended that rural development policy be formulated with a more balanced mixture of infrastructure and human resources strategies.

I will probably be charged with being too provincial and too much concerned with maintaining rural life-styles as a result of this paper but it is time that researchers and practitioners alike begin to question development strategies which have not produced certain desired results. Rural areas of the country in need of development intervention will be further depressed unless the development strategies are changed. The only means of accomplishing a reevaluation of development approaches is for concerned development specialists to raise serious questions about the long-range consequences of ill conceived strategies.

FOOTNOTES

1. The conceptual framework and research findings discussed in this paper were drawn from a study conducted in 1975 in Southeast Ohio under the direction of Ted L. Napier. For a more detailed discussion of the model and study findings see Napier, et al, 1979.
2. The research reviewed later in this paper basically supports the assertions made in the human resources model but it should be noted that the amount of explained variance in many of the studies is quite low. This means the positive impact of the human resources model is often quite small.

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